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SECTION 690. OCCUPANCY LIMITATION EXCEPTIONS

If a facility is mandated by a court to reduce the number of beds, the occupancy limitations shall not be applied while alternative placement of residents is being attempted in order to comply with the court ruling. During the transition period, defined by the court, the facility shall be allowed a rate adjustment, not more often than monthly, which utilizes the actual facility occupancy.

SECTION 700. DEFINITION OF ROUTINE AND ANCILLARY SERVICES

The definitions of routine and ancillary services as stated in the Cost-Based Facility Reimbursement Manual shall be applicable to the ICF- MR/DD facilities. Psychological and psychiatric services shall be billed as an ancillary services by an ICF-MR/DD.

SECTION 710. LEASE OR RENT ARRANGEMENTS

All lease or rent arrangements occurring after 2/23/77 shall be limited to the owner's historical cost of ownership. For lease or rent arrangements occurring prior to 2/23/77, the Medicaid Program shall determine the allowable costs of the arrangement based on the general reasonableness of costs.

SECTION 720. ALLOWABLE COST BASIS ON PURCHASE OF FACILITY AS AN ONGOING OPERATION

The allowable cost basis of a facility purchased as an ongoing operation after July 1, 1976, shall be determined in accordance with the policies outlined in the Cost-Based Facility Reimbursement Manual.

SECTION 730. INTEREST EXPENSE - EXCEPTION TO BORROWER-LENDER RELATIONSHIP

Exceptions to the general rule regarding interest on loans from controlled sources of funds shall be made in the following circumstances. Interest on loans to facilities by partners, stockholders, or related organizations made prior to July 1, 1975, shall be allowable as cost provided that the terms and conditions of payment of the loans have been maintained in effect without modification subsequent to July 1, 1975.

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SECTION 740. REIMBURSEMENT FOR SERVICES OF PHYSICIANS, DENTISTS  
AND HOSPITALS

If physician (excluding psychiatry) or dental services are provided by an employee or if physician, dental or hospital services are provided under an ongoing contractual arrangement, all reasonable costs including direct resident services shall be recognized as routine service facility costs and shall not be billed to the Medicaid Program directly by the physician, dentist, or hospital. This provision shall apply only to staff personnel while performing services that are in the scope of their employment or contractual agreement with the facility.

SECTION 750. EDUCATIONAL COST

The cost associated with providing educational services to residents of ICF-MRs shall not be an allowable expense for reimbursement purposes. Education services provided in facilities or areas within an ICF - MR or on its property which are specifically identified for providing these services by or under contract with the state or local educational agency shall not be reimbursable. Examples of these costs are salaries, building depreciation costs, overhead, utilities, etc. Whether or not educational services are provided in a specifically identified facility or area, reimbursement shall not be available for education or related services provided to a client during the periods of time the Individual Education Plan (IEP) requires that educational and related services be provided. All the services described in the IEP shall be excluded for Medicaid reimbursement, whether provided by state employees, by staff of the ICF-MR or by others.

Related services may be reimbursed if the services are performed as a reinforcement and continuation of the same type of instruction before or after the formal training as part of the individual's program of active treatment.

Educational services not eligible for reimbursement shall be those which are:

- A. Provided in the building, rooms, or area designated or used as a school or educational facility;
- B. Provided during the specific hours and time periods in which the educational instruction takes place in the normal school day and period of time for these students;

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- C. Included in the IEP for the specific student or required by Federal and State educational statutes or regulations; and,
  - D. Related services provided to a student under twenty-two (22) years of age.

SECTION 760. PURCHASE AND DISPOSAL OF SPECIALIZED MEDICAL EQUIPMENT

- A. Specialized medical equipment such as eyeglasses, dentures, adaptive wheelchairs, etc., shall be a part of routine cost when purchased by the provider. These items shall be either expensed in the year of acquisition when appropriate or capitalized and depreciated when meeting the criteria for the acquisitions. Examples of items to be expensed shall be most eyeglasses, dentures and other such items. Items to be capitalized and depreciated shall be adaptive wheelchairs, braces if applicable, etc. If an individual resident's family wishes to purchase any of these items for the resident, they may do so but any reimbursement to the facility shall be offset against the cost of the equipment to the extent the cost is reported on the facility's books.
- B. When a resident is discharged or voluntarily leaves a facility, the specialized equipment may be taken by the resident. If the facility charges the resident for the equipment and the equipment was originally expensed, this revenue shall be offset against the cost of medical supplies or administrative and general cost in the period when the resident leaves. If the equipment was capitalized and depreciated, then the transaction shall be handled as any disposable of appreciable asset would be. If, however, the facility does not charge the resident for the equipment when they leave, then any remaining depreciation shall be included in the period when the discharge occurred.

SECTION 770. INTRODUCTION TO INSTITUTIONS FOR MENTAL DISEASES

- A. This payment system is designed for the publicly operated cost-based nursing facilities defined as Institutions for Mental Disease (IMDs) which are providing services to Medicaid recipients and are to be reimbursed under the Department for Medicaid Services. This reimbursement system shall become effective with the rate setting on July 1, 1991.

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- B. The cost report submission requirements and the rate computation methodology effective July 1, 1991 shall be the same as those for other cost-based facilities.
  - C. The intent of this reimbursement system shall be to recognize the reasonable costs associated with the services and level of care provided by IMD facilities.

SECTION 780. DEFINITION

For purposes of this system, an IMD is a publicly operated cost-based facility primarily engaged in providing diagnosis, treatment or care of persons with mental diseases, including medical attention, nursing care and related services. Coverage shall be limited to individuals age sixty-five (65) and above.

SECTION 790. INTRODUCTION TO DUAL LICENSE PEDIATRIC FACILITIES

- A. This payment system shall be designed for dual licensed pediatrics facilities that are providing services to Medicaid recipients and shall be reimbursed by the Department for Medicaid Services. Except as specified in this manual supplement, policies and procedures as stated in the Department for Medicaid Services Cost-Based Facility Reimbursement Manual. This reimbursement system shall be effective with the rate setting on July 1, 1991.
- B. The cost report submission requirements and the rate computation methodology rates effective July 1, 1991 shall be the same as those for all other cost-based facilities.
- C. The intent of this reimbursement system shall be to recognize the reasonable costs associated with the services and level of care provided by Dual License Pediatric Facilities.

SECTION 800. DEFINITION

A facility having Dual Licensed Pediatric Facility beds and providing pediatric care only shall be classified as a pediatric Dual Licensed facility and shall receive reimbursement in accordance with the payment mechanism developed for that class of facility.

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SECTION 810. INTRODUCTION TO THE COST-BASED FACILITY COST  
REPORT

The Annual Cost-Based Facility Cost Report provides for the submission of cost and statistical data which shall be used in rate setting and in reporting to various governmental and private agencies. All required information is pertinent and shall be submitted as accurately as possible.

In general, costs shall be reported as they appear in the provider's accounting records. Schedules shall be provided for any adjustments or reclassifications that are necessary.

In the cost finding process, direct costing between Certified Cost-Based Facility and Non-certified Cost-Based Facility shall be used wherever possible. If direct costing is utilized, it shall be utilized, if possible, for all costs of a similar nature. Direct costing shall not be utilized on a selective basis in order to distort the cost finding process.

SECTION 1. SCHEDULE A - CERTIFICATION AND OTHER DATA;

This schedule shall be completed by all facilities.

- A. TYPE OF CONTROL. In Sections 1 through 3 indicate as appropriate the ownership or auspices under which the facility operates.
- B. Section B is provided to show whether the amount of costs to be reimbursed by the Medicaid Program includes costs resulting from services, facilities, and supplies furnished to the vendor by organizations related to the vendor by common ownership or control. Section B shall be completed by all vendors.
- C. Section C shall be completed when the answer in Part B is yes. The amount reported in Section C shall agree with the facility's books.
- D. Section D shall be completed when the answer in Part B is yes.
- E. Section E is provided to show the total compensation paid for the period to sole proprietors, partners, and corporation officers, as owner(s) of Certified Nursing Facilities. Compensation is defined in the Principles of Reimbursement as the total benefit received (or receivable) by the owner for the services he renders to the institution. It shall include salary

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amounts paid for managerial, administrative, professional, and other services; amounts paid by the institution for the personal benefit of the owner; and the cost of assets and services which the owner receives from the institution and deferred compensation. List the name, title and function of owner(s), percent of workweek devoted to business, percent of stock owned, and total compensation.

- F. Section F is provided to show total compensation paid to each employed person(s) to perform duties as administrators or assistance administrators. List each administrator or assistance administrator who has been employed during the fiscal period. List the name, title, percent of customary workweek devoted to business, percent of the fiscal period employed, and total compensation for the period.
- G. Section G shall be completed by all providers.
- H. Section H shall be completed by all providers.

SECTION 2. SCHEDULE B - STATEMENT OF INCOME AND EXPENSES:

If a facility has an income statement that provides the same detail as this schedule, this statement may be submitted in lieu of Schedule B. This schedule shall be prepared for the reporting period. During preparation, consideration shall be given to the following items:

- A. Line 1. The amount entered on this line shall be the gross charges for services rendered to residents before reductions for charity, bad debts, contractual allowances, etc.
- B. Line 2. Record total bad debts, charity allowances, contractual adjustments, etc. on this line. This line shall include the difference between amounts paid by the resident or 3rd party payor and the standard charge of the facility.
- C. Line 3. Subtract line 2 from line 1.
- D. Line 4. Enter total operating expenses from Schedule D-4, Line 26, Column 2.
- E. Line 5. Subtract line 4 from line 3.

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- F. Lines 6a, 6b, 7a, and 7b. Complete these lines in accordance with the definitions of restricted and unrestricted as presented in the Principles of Reimbursement in this manual.
- G. Line 12. Include on this line rent received from the rental portions of a facility to other related or non-related parties, i.e., the rental of space to a physician, etc.
- H. Line 14. Purchase discounts shall be applied to the cost of the items to which they relate. However, if they are recorded in a separate account, the total of the discounts shall be entered on this line.
- I. Line 31. Total lines 6a through 30.
- J. Line 33-48. Enter amount of other expenses, including those incurred by the facility, which do not relate to resident care.
- K. Line 49. Total lines 33 through 48.
- L. Line 50. Subtract line 49 from line 32.

SECTION 3. SCHEDULE C -BALANCE SHEET AND COMPUTATION OF  
EQUITY CAPITAL

Non-profit facilities shall complete only column 1. Proprietary facilities shall complete the entire schedule.

- A. Column 1. Enter the balance recorded in the facility's books of accounts at the end of the reporting period (accrual basis of accounting is required as indicated in the Principles of Reimbursement). Attachments may be used if the lines on the schedule are not sufficient. The capital accounts shown on lines 41 through 45, are those applicable to the type of business organization under which the provider operates as follows:
- Individual Proprietor - Proprietor's Capital Account
  - Partnership - Partner's Capital Accounts
  - Corporation - Capital Stock and Other Accounts
- B. Column 2. This column shall be used to show amounts of assets and liabilities included in a facility's balance sheet, which do not relate to the provider of resident care. Entries to this column shall be detailed on

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Schedule C-1. NOTE: It shall not be necessary to attempt to remove the portion of assets applicable to other levels of care on this schedule. Some examples of adjustments, which may be required, include:

1. Line 2 - Notes and Accounts Receivable. The notes and accounts receivable total to be entered in column 2 shall represent total amounts expected to be realized by the provider from non-resident care services.
2. Lines 11, 13, 15, 17, 19 - Fixed Assets. The amounts to be entered in column 2 shall be based on the historical cost of those assets, or in the case of donated assets, the fair market value at the time of donation, which are not related to resident care.
3. Line 12, 14, 16, 18, and 20 - Accumulated Depreciation. The amounts in column 2 shall be the adjustment necessary to reflect accumulated depreciation on the straight-line method to the effective date of entry into this reimbursement program and amounts claimed thereafter, and shall also be adjusted for disposals and amounts of accumulated depreciation on assets not related to resident care. Assets not related to resident care shall be removed on lines 11, 13, 15, 17, and 19 respectively.
4. LINE 22 - INVESTMENTS. Investments includable in the equity capital balance sheet in column 3 shall be limited to those related to resident care. Primarily, these shall be temporary investments of excess operating funds. Operating funds invested for long periods of time shall be considered excess and not related to resident care needs and shall accordingly be removed in column 2.
5. LINE 25 - OTHER ASSETS. Examples of items which may be in this asset category and their treatment for equity capital purposes are as follows:
  - a. Goodwill purchased shall be includable in equity capital.
  - b. Organization Expense. Expenses incurred in organizing the business shall be] includable in equity capital. (Net of Amortization)
  - c. Discounts on Bonds Payable. This account represents a deferred charge to income and shall be includable in equity capital. Other asset amounts not related to resident care shall be removed in column 2.



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6. LINES 37, 38 - LOANS FROM OWNERS. Do not make adjustments in column 2 with respect to funds borrowed by basic IC or IC/MR facilities prior to July 1, 1975 or by Skilled Nursing Facilities prior to December 1, 1979, provided the terms and conditions of the loan agreement have not been modified subsequent to July 1, 1975, or December 1, 1979, respectively. Such loans shall be considered a liability in computing equity capital as interest expense related to such loans is included in allowable costs.

If the terms and conditions of payment of loans made prior to July 1, 1975 for IC facilities and December 1, 1979 for Skilled Nursing facilities, have been modified subsequent to July 1, 1975 and December 1, 1979, respectively, such loans shall not be included as a liability in column 6, and therefore shall be adjusted in column 5. Loans made by owners after these dates shall also treated in this manner.

- C. For Schedule C, line 1-45, adjust the amounts entered in column 1 (increase and decrease) by the amounts entered in column 2 and extend the net amounts to column 3. Column 3 is provided for the listing of the balance sheet amounts that represent equity capital for the Department for Medicaid Services purposes at the end of the reporting period.

#### SECTION 4. SCHEDULE C-1 - ADJUSTMENT TO EQUITY CAPITAL

This schedule shall be used to explain all adjustments made by the facility on Schedule C, column 2, in order to arrive at the adjusted balance sheet for equity capital purposes.

#### SECTION 5. OVERVIEW OF THE ALLOCATION PROCESS - SCHEDULE D-1 THROUGH D-5

These schedules provide for separating the operating expenses from the facility's financial records into five (5) cost categories: 1) Nursing Services Costs, 2) Other Care Related Costs, 3) Other Operating Costs, 4) Capital Costs and 5) Ancillary Costs. These schedules also provide for any necessary adjustments and reclassifications to certain accounts. Schedules D-1 through D-5 shall be completed by all facilities. All accounts that can be identified as belonging to a

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specific cost center shall be reported to the appropriate section of Schedules D-1 through D-5. Capital cost shall be reported on schedule D-4 and not allocated to specific cost centers.

All listed accounts will not apply to all providers and some providers may have accounts in addition to those listed. These shall be listed on the lines labeled "Other Expense."

The flow of the Schedules D-1 through D-4 is identical. Salaries shall be reported on the salary lines and all salaries for each cost center shall be sub-totaled on the appropriate line. The entries to the columns on these schedules shall be as follows:

- A. Column 2. The expenses in this column shall agree with the provider's accounting books and records.
- B. Column 3. This column shall be utilized for reclassification of expenses as appropriate. Such reclassifications shall be detailed on Schedule D-6.
- C. Column 4. This column shall be for adjustments to allowable costs as may be necessary in accordance with the general policies and principles. All adjustments shall be detailed on Schedule D-7.
- D. Column 5. Enter the sum of columns 2, 3, and 4.
- E. Column 6. This column shall be completed for each line for which an entry is made to column 5 in order to indicate the basis of the separation of the costs reported to Column 5 between Column 7 (Certified Cost-based facility Alloc. of Costs) and Column 8 (Non-Certified and Non-Cost-based facility Alloc. of Costs). A "D" shall be entered to this column on each line on which the adjusted costs (Column 5) are direct costed between Columns 7 and 8. An "A" shall be entered to this column on each line on which the adjusted costs in Column 5 are allocated between Columns 7 and 8 on the basis of the allocation ratios on Schedule F. All accounts which can be direct costed from the provider's records shall be direct costed to Columns 7 and 8. Accounts which are direct costed shall be direct costed in full. Any accounts which cannot be direct costed shall be allocated using statistics from Schedule F. Providers shall ensure that all costs which are reported to column 7 are reasonable, necessary and related to Certified Cost-based facility resident care.
- F. Columns 7 and 8. The adjusted balance figures from Column 5 are to be allocated between Certified Cost-based facility Costs (Column 5) and Non-Certified Non-Facility costs (Column 7). Any accounts that cannot

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be direct costed shall be allocated using statistics from Schedule F. All costs entered to Column 7 shall be reviewed by the provider to ensure that they are necessary, reasonable and related to Certified Cost-based facility resident care.

- G. Column 9: This column shall be completed only by Hospital-Based providers. Instructions regarding this column can be found in the instructions for the Schedules, which include Column 9 (i.e. D-3 and D-4).

#### SECTION 6. SCHEDULE D-1 - NURSING SERVICES COST

- A. The costs associated with nursing services, which shall be included in the nursing service cost category, are as follows:
1. Nursing assessment of the health status of the resident and planning of appropriate interventions to overcome identified problems and maximize resident strengths;
  2. Bedside care and services;
  3. Administration of oral, sublingual, rectal and local medications topically applied, and appropriate recording of the resident's responses;
  4. Training, assistance, and encouragement for self-care as required for feeding, grooming, ambulation, toilet, and other activities of daily living including movement within the nursing home facility;
  5. Supportive assistance and training in resident transfer techniques including transfer from bed to wheelchair or wheelchair to commode;
  6. Care of residents with behavior problems and severe emotional problems requiring nursing care or supervision;
  7. Administration of oxygen;
  8. Use of nebulizers;
  9. Maintenance care of resident's colostomy, ileostomy, and urostomy;
  10. Administration of parenteral medications, including intravenous solutions;
  11. Administration of tube feedings;
  12. Nasopharyngeal aspiration required for maintenance of a clean airway;
  13. Care of suprapubic catheters and urethral catheters;
  14. Care of tracheostomy, gastrostomy, and other tubes in a body;

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15. Costs of equipment and supplies that are used to complement the services in the nursing service cost category including incontinence pads, dressings, bandages, enemas, enema equipment, diapers, thermometers, hypodermic needles and syringes, and clinical reagents or similar diagnostic agents;
  16. Costs for education or training including the cost of lodging and meals of nursing service personnel;
  17. The salaries and wages of persons performing nursing services including salaries of the director, and assistant director of nursing, supervising nurses, medical records personnel, registered professional nurses, licensed practical nurses, nurse aides, orderlies, and attendants;
  18. The salaries or fees of medical directors, physicians, or other professionals performing consulting services on medical care which are not reimbursed separately on a fee for service basis; and
  19. The costs of travel necessary for training programs for nursing personnel required to maintain licensure, certification, or professional standards.
- B. If an account can be direct costed between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified and Non-Nursing Facility Costs). Any account that is direct costed shall be directed costed in full. Any account which cannot be direct costed shall be allocated using Schedule F, Statistic A. Multiply the Column 5 amount by the Certified Cost-based facility percentage from Schedule F, Statistic A, and enter the product in Column 7. Subtract Column 7 from Column 5 and enter the result in Column 8. Providers shall ensure that all costs reported to Column 7 are necessary, reasonable, and related to Certified Cost-based facility resident care.

#### SECTION 7. SCHEDULE D-2 - OTHER CARE RELATED COSTS

A. General

The costs that shall be reported in the other care-related services cost category include:

1. Food costs, not including preparation;

2. Direct costs of other care-related services, such as social services and resident activities;
3. The salaries and wages of activities directors and aides, social workers and aides, and other care-related personnel including salaries or fees of professionals performing consultation services in these areas which are not reimbursed separately under the Medicaid Program;
4. The costs of training including the cost of lodging and meals to meet the requirements of laws or rules for keeping an employee's salary, status, or position, or to maintain or update skills needed in performing the employee's present duties.

B. Specific Instructions

1. Lines 1-30: If an account can be direct costed between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified and Non-Cost-based facility Costs.) Any account which is direct costed shall be direct costed in full. If accounts cannot be direct costed, use the nursing allocation percentage (Schedule F, Statistic A, Line 3) to calculate Certified Nursing Facility Other Care Related Costs. Multiply the Certified Cost-based facility percentage times the amount in Column 5 and enter the products in Column 7. Subtract Column 7 from Column 5 and enter the results in Column 8.
2. Line 31 : If an account can be direct costed between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified and Non-Cost-based facility Costs.) Any account, which is direct, costed between Certified Cost-based facility and Non-Certified Cost-based facility shall be direct costed in full. Any account that cannot be direct costed shall be allocated using the dietary allocation percentage (Schedule F, Statistic C, Line 1, Column 2). Multiple the Certified Cost-based facility percentage times the amount in Column 5 and enters the product in Column 7.

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Subtract the amount in Column 7 from Column 5 and enter the result in Column 8.

SECTION 8. SCHEDULE D-3 - OTHER OPERATING COSTS

- A. Lines 1 through 19: If an account can be direct costed between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified and Non-Cost-based facility Costs.) Any account, which is direct costed, shall be direct costed in full. If an account cannot be direct costed, use the dietary allocation percentage (Schedule F, Statistic C, Line 1, and Column 2) to allocate Dietary Costs. Multiply the Certified Cost-based facility percentage times the amounts in Column 5 and enter the products in Column 7. Subtract the amounts in Column 7 from Column 5 and enter the results in Column 8.
- B. Lines 21 through 55: [-] If an account can be direct costed, between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Cost-Based Facility Costs.) Any account, which is direct costed, shall be direct costed in full. Any account that cannot be direct costed shall be allocated using the Certified Cost-based facility square foot percentage (Schedule F, Statistic B, Line 1, and Column 2). Multiply the percentage times amounts in Column 5 and enter the products in Column 7. Multiply the "Other" percentage (Schedule F, Statistic B, Line 2, and Column 2) times the amounts in Column 5 and enter the products in Column 8. For Hospital-Based Facilities only: add the ancillary square foot percentages (Schedule F, Statistic B, Lines 3 through 8, Column 2) together. Use the sum to allocate Housekeeping & Plant Operation costs of the ancillary cost centers to Column 9.
- C. Line 57 through 74 and 76 through 130: [-] If an account can be direct costed between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s), (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified

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and Non-Cost-Based Facility Costs.) If an account cannot be direct costed, use the nursing allocation-percentage (Schedule F, Statistic A, Line 3) to calculate Certified Cost-Based Facility Laundry and Administrative & General costs. Multiply the Certified Cost-Based Facility percentage times amounts in Column 5 and enter the products in Column 7. Subtract the amounts in Column 7 from Column 5 and enter the results in Column 8.

#### SECTION 9. SCHEDULE D-4 - CAPITAL COSTS

- A. If an account can be direct costed, between Certified Cost-based facility and Non-Certified Cost-based facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-based facility Costs, or Column 8, Non-Certified and Non-Cost-based facility Costs.) If an account cannot be direct costed, allocate capital costs using square footage (Schedule F, Statistic B, Column 2). Multiply the Certified Cost-based facility percentage on Line 1 times amounts in Column 5 and enter the products in Column 7. Multiply the "Other" percentage on Line 2 times amounts in Column 5 and enter the products in Column 8.. For Hospital-Based Facilities only: add the ancillary square footage percentages from Schedule F, Statistic B (Lines 3 through 8, Column 2) together. Use the sum to allocate capital costs of the ancillary cost centers to Column 9.
- B. Lines 24 through 28 are provided for the computation of total costs per books, net reclassifications, net adjustments, and total adjusted costs for comparison and analysis.
1. Line 24: The entries to this line Columns 2 through 9 shall be the total of the entries to Columns 2 through 9 of Schedules D-1 through D-3 and D-4 through Line 22.
  2. Line 25, Column 7: The entry to this line shall be the sum of Schedule D-5, Column 8, Lines 12, 21, 30, 42, 51, 60, and 67.
  3. Line 26, Column 7: The entry to this line shall be the sum of Column 7, Lines 24 and 25.
  4. Line 27: The entries to this line columns 2 through 5 shall be the total of the entries to columns 2 through 5 of Schedule D-5. Add the entries from the appropriate column, Schedule D-5, Lines 12, 21, 30, 42, 51, 60 and 67 to compute the proper entry.

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5. Line 28: The entries to this line shall be the totals of lines 24 and 27.
- a. Column 2: The amount entered to Line 26, Column 2 shall agree with the total costs of the facility as reported in its general ledger.
  - b. Column 3: The total reclassifications (the amount entered to Line 26, Column 3) shall net out to be zero (0).
  - c. Column 4: The amount entered to Line 26, Column 4 shall be the total of all adjustments entered to Scheduled D-1 through D-5. It shall agree with the total adjustments reported on Schedule D-7 (D-7, Line 53, Column 3).

#### SECTION 10. SCHEDULE D-5- ANCILLARY COSTS

- A. Column 2: Ancillary costs as shown in the provider's books shall be entered to the appropriate lines. All ancillary salaries shall be reported to the salaries lines and sub-totaled on the appropriate line.
- B. Column 3: This column shall be utilized for reclassification of Column 2 costs as may be necessary for compliance with the general policies and principles. Reclassifications shall be detailed on Schedule D-6.
- C. Column 4: This column shall be utilized for adjustments to allowable ancillary costs as may be necessary for compliance with the general policies and principles. Adjustments shall be detailed on Schedule D-7.
- D. Column 5: Enter the sum of Columns 2, 3, and 4. The amount entered here shall be the total ancillary cost of the facility as defined by the general policies and procedures.
- D. Column 6: The cost entered to Column 5 shall be analyzed to identify the direct and indirect ancillary cost portions as defined in the general policies and principles. The direct ancillary cost shall be entered to Column 6.
- E. Column 7: This column shall be utilized to report the indirect ancillary portion (as defined in the general policies and principles) of the amount entered to Column 5. Subtract Column 6 from Column 5 and enter the difference.